

China

China released a plan to boost household spending on everything from electric appliances to furniture as economic growth slows, without providing specifics on the scale of support.

Local authorities should encourage residents to refurbish their homes, and people should get better access to credit to buy household products, according to the plan on boosting consumption released jointly by 13 government departments.

The measures come a day after China posted weaker-than-expected economic growth for the second quarter as retail sales cooled, the property market downturn deepened, and youth unemployment hit a new high.

The 11-point package is aimed at “unleashing the potential of household consumption,” according to the statement issued on the Ministry of Commerce website. The plan offered few specifics on the potential for direct cash support that many investors have been hoping for. (Bloomberg).

Copper

Copper steadied after dropping more than 2% on Monday as concerns over China’s sluggish economic growth continued to dampen the demand outlook.

Industrial metals slumped on Monday after China’s 6.3% year-on-year expansion in gross domestic product missed analyst estimates and prompted economists at JPMorgan Chase & Co., Morgan Stanley and Citigroup Inc. to downgrade outlooks.

The disappointing post-pandemic recovery in the world’s top metals-consuming economy presents a blow for market bulls who last week enjoyed a pickup in prices from aluminum to copper. That rally was mainly due to a slumping US dollar after data showed inflation there was softening.

“Macro optimism is cooling following China’s data miss,” Citic Futures Co. said in a note. The Chinese copper market is loosening as demand slows and inventories rise, it said.

Copper was little changed at \$8,494.50 a ton on the London Metal Exchange as of 10:27 a.m. in Shanghai. Other base metals were mainly flat to higher, with aluminum up 0.1% and nickel gaining 0.3%. (Bloomberg).

Copper Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	8,510.5	RSI above 50	
S2	R2			
S3	R3			

Synopsis - Intraday

Source Bloomberg

- Price is between/above the EMA support band (Black EMA's)
- RSI is above 50 (52)
- Price is below the daily pivot point USD 8,529
- Stochastic is oversold
- We remained technically bullish but in a corrective phase yesterday in what looked to be a countertrend move lower, making USD 8,446 the key support to follow. The futures continued to move down resulting in the USD 8,446 fractal support being breached, meaning the technical although bullish now has a neutral bias. Price is trading in/above the EMA support band with the RSI above 50, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 8,529 with the RSI at or above 61.5 will mean price and momentum are aligned to the buyside. Upside moves that fail at or below USD 8,603 will leave the futures vulnerable to further tests to the downside, above this level the USD 8,719.5 fractal resistance could come under pressure.
- Technically bullish but with a neutral bias, the deep pullback means that the probability of the futures trading to a new high has decreased. Momentum is conflicting as the MA on the RSI is warning that momentum is weak; however, the RSI is above 50 whilst the stochastic is in oversold territory. If the RSI can hold above 50 then momentum is warning that resistance levels could be vulnerable. We are currently a cautious bull, as the technical is suggesting that upside moves could struggle to hold in the near -term, due to the pullback being deeper than expected.

Aluminium Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,254	R1	2,263	RSI above 50	
S2	2,243	R2	2,294.5		
S3	2,228	R3	2,314.5		

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (59)
- Stochastic is below 50
- Price is above the daily pivot point USD 2,254
- Technically bullish with price in a corrective phase yesterday, the MA on the RSI had flattened, warning buy-side momentum was slowing. With the RSI recently trading to new high it warned that downside moves had the potential to be countertrend, making USD 2,207 the key support to follow, if broken the pullback will be considered as deep, meaning the probability of the futures trading to a new high will have decreased. The futures traded below but failed to hold below the USD 2,243 level, price remains above the EMA support band with the RSI above 50, intraday price and momentum are now conflicting.
- A close on the 4-hour candle above USD 2,254 with the RSI at or above 66.5 will mean price and momentum are aligned to the buy-side; likewise, a close below this level will mean it is aligned to the sell side. Downside moves that hold at or above USD 2,207 will support a bull argument, below this level the technical will have a neutral bias.
- Technically bullish the futures remain in a corrective phase. The MA on the RSI continues to suggest that momentum is weak at this point, making USD 2,207 the key level to follow, as support levels remain vulnerable at this point. If broken the pullback will be considered as deep, meaning the probability of the futures trading to a new high will have decreased.

Zinc Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear	
S1	2,406	R1	2,410	Stochastic oversold	RSI above 50	
S2	2,378	R2				2,437
S3	2,345	R3				2,458

Synopsis - Intraday

Source Bloomberg

- Price is on/between the EMA support band (Black EMA's)
- RSI is above 50 (51)
- Stochastic is oversold
- Price is above the daily pivot point USD 2,406
- The near-term technical remained bullish based on price yesterday with the futures in a corrective phase, the longer-term Elliott wave cycle remained bearish. The MA on the RSI was flat due to the recent pullback, indicating buyside momentum was weakening, making USD 2,398 the key support to follow. If broken, we continue to remain in bull territory; however, the depth of the pullback would suggest that the probability of the futures trading to a new high will have decreased, meaning we would have a neutral bias. At this point, based on the RSI making a new high, the downside move still looks like it will potentially be countertrend, but we need to hold the USD 2,398 support. The futures continued to trade lower due to momentum weakening, resulting in the USD 2,398 support being breached, meaning the technical now has a neutral bias. Price is on/between the EMA support band with the RSI holding above 50, intraday price and momentum are conflicting.
- A close on the 4-hour candle above USD 2,406 with the RSI at or above 56.5 will mean price and momentum are aligned to the buyside; likewise, a close below this level will mean it is aligned to the sell side. Upside moves that fail at or below USD 2,458 will leave the futures vulnerable to the downside, above this level the USD 2,503.5 fractal resistance has the potential to come under pressure.
- Technically bullish with a neutral bias, the depth of the pullback means the probability of the futures trading to a new high has now decreased, the longer-term Elliott wave cycle remains bearish. Momentum is now conflicting as the RSI is above 50 with the stochastic in oversold territory, if the RSI can hold above 50 then the futures will be vulnerable to a test to the upside. However, the MA on the RSI would suggest that momentum is weak, warning resistance levels could hold if tested. We are now a cautious bull as the depth of the pullback alongside the MA on the RSI would suggest support levels remain vulnerable.

Nickel Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	21,076	21,105	Stochastic oversold	RSI below 50
S2	20,959			
S3	20,804			

Source Bloomberg

Synopsis - Intraday

- Price is between the EMA support band (Black EMA's)
- RSI is below 50 (49)
- Stochastic is oversold
- Price is above the daily pivot point USD 21,076
- We remained a cautious bull yesterday as a move above USD 21,775 looked like it could create a negative divergence with the RSI, whilst the 5-wave pattern higher warned that support levels are potentially vulnerable, making USD 20,959 the key level to follow. The futures did move lower with the USD 20,959 support being breached, meaning the futures now have a neutral bias. We have seen light bid support on the open resulting in the futures trading back in the EMA support band, the RSI is near neutral at 49 with price and momentum now conflicting.
- A close on the 4-hour candle above USD 21,076 with the RSI at or above 54.5 will mean price and momentum are aligned to the buy side; likewise, a close below this level will mean it is aligned to the sell side. Upside moves that fail at or below USD 22,218 will warn that we potentially have a larger corrective cycle in play. Note, the deep pullback yesterday is warning that upside resistance is being rejected.
- Technically bullish, we now have a neutral bias, as the deep pullback is warning that the probability of the futures trading to a new high has decreased. Like the rest of the base complex we have conflicting momentum indicators, as the RSI is near neutral at 49 whilst the stochastic is oversold, if the RSI can move above and hold above 50, then momentum is warning we could see a test to the upside. Countering this, the MA on the RSI would suggest that momentum is weak at this point. We maintain a cautious view as the futures have produced a deep pullback after a 5-wave pattern higher, warning support levels remain vulnerable at this point.

Lead Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	2,104.5	RSI above 50	
S2	R2			
S3	R3			

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (53)
- Stochastic is oversold
- Price is on the daily pivot point USD 2,104
- Technically bullish yesterday, the pullback on Friday may have been shallow, but it did constitute a lower timeframe Elliott wave 4 that has been followed by a new high and a negative divergence with the RSI. We were cautious bull; downside moves below USD 2,103 would warn that the USD 2,077 support could be tested and broken. The futures did move lower resulting in price testing and holding above the USD 2,090 level, we remain above the EMA support band with the RSI above 50, intraday price and momentum are aligned to the sell side, as the opening candle closed below the daily pivot point.
- A close on the 4-hour candle above USD 2,104 with the RSI at or above 60 will mean price and momentum are aligned to the buyside. Downside moves that hold at or above USD 2,077 will support a bull argument, below this level the technical will have a neutral bias. Likewise, upside moves that fail at or below USD 2,117 will leave the futures vulnerable to further tests to the downside, above this level the USD 2,131 fractal high could come under pressure.
- We remain technically bullish; however, the pullback on the back of a 5-wave pattern is warning that support leaves remain vulnerable. Upside moves above USD 2,131 would suggest that there is a larger bullish Elliott wave cycle in play. Again, momentum is conflicting as the RSI is above 50 with the stochastic is in over-sold territory, providing the RSI can hold above 50, then momentum will be vulnerable to a move higher. Countering this, the RSI on the MA is starting to turn lower, warning momentum is starting to weaken. This technical is now in balance, price action is warning support levels could be vulnerable, but we remain above the USD 2,077 level with the RSI/stochastic combination implying we could see resistance levels come under pressure in the near-term, making USD 2,117 the key resistance to follow.

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